

# LMG

Representing the Insurance and Reinsurance Market in London



LLOYD'S



# MANIFESTO FOR GROWTH AND MODERNISATION OF THE LONDON MARKET

Our priorities to 2018



September 2016

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## FOREWORD BY THE CHAIRMAN



While the roots of the London Market Group (LMG) are firmly embedded in the modernisation of business process standards, the publication of the London Matters report in 2014 widened the debate. Despite the fact that **the London (re)insurance market is the largest global hub for commercial and specialty risk – bigger than all its nearest rivals combined, London Matters provided evidence that our position is under threat.**

The result was a decision to extend the focus of the group. We have established the facts about the growth opportunities for our specialist market, we understand the threats and **we have developed a comprehensive, business-led response** which is outlined in this document.

I am delighted to say the LMG has made great progress in the last year. As this manifesto articulates, we are very clear that there is no single remedy for the challenges and opportunities the market faces, each element of our plan is mutually dependent on the others. However, there is **real momentum across our four workstreams** which is outlined in this document.

Everything that we are doing draws heavily on market practitioners who are volunteering their time. **We have a tremendous Board comprised of market leaders – offering strong governance and insight from the businesses** that operate within London. **Each workstream is supported by key market figures**, and initiatives are heavily dependent on volunteers. Without their insight, expertise and sheer enthusiasm we would be nowhere near

where we are today. A market that can call upon those skills, and be given access to them in such abundance, has a lot to be positive about.

There is no doubt that **we are investing significant sums of money in the future of our market, but that spend at the LMG level needs to be seen in the context of a £60 billion industry.** We want to balance control and consultation with building momentum, with real market representation and challenge.

Since the UK's decision to leave the EU, the LMG has been very active and visible on this matter. Despite the challenges, this **new world also offers opportunities to make some very positive changes that will allow our unique marketplace to grow and thrive.** We have a window of opportunity to make some substantial strides to increase our competitiveness, we need to seize the moment and move forward with increased momentum.

This manifesto is designed to lay out the context for our activities, articulate what you can expect from us and explain how we are funded and governed. I believe in transparency and candour, and this document is a foundation stone in achieving those goals.

Nicolas Aubert,  
LMG Chairman

# THE LONDON MARKET GROUP

The London Market Group (LMG) is a market-wide body, bringing together the specialist commercial (re)insurance broking and underwriting communities in London.

## The London Market



The London Market is made up of over **350 FIRMS** - a diverse range of carriers, brokers and associated services



It employs over **48,000 PEOPLE**



**60 BILLION**

It controls over **£60 BILLION OF INSURANCE BUSINESS**



The London Market contributes over **21% OF THE CITY OF LONDON'S GDP** and **7% OF LONDON'S GDP**



Over the last five years, the London Market has paid more than **£140 BILLION IN CLAIMS**

LMG speaks collectively for market practitioners on all common market topics, notably growth and modernisation issues. Its aim is to build and maintain London's position and reputation as the global centre of insurance excellence. LMG is supported and governed by the International Underwriting Association of London (IUA), Lloyd's, the Lloyd's Market Association (LMA) and the London & International Insurance Brokers' Association (LIIBA).

The London Market has a rich heritage tracing back to the seventeenth century. Over the centuries the market has developed and grown, and today it is the largest global hub for commercial and specialty insurance, delivering solutions for risks in almost every territory around the world. It's a genuine market offering an eco-system of insurance carriers, brokers and affiliated professional services working within the City of London.

This high concentration of insurance related intellectual capital and depth of experience, combined with the unique face-to-face trading that takes place, is what makes London a world leading insurance market. However, London's competitive position is under threat from a number of trends in the global (re) insurance industry including: increased availability of local underwriting expertise; a more global view of risk placement; emerging markets taking over as the drivers for premium growth; and technology shortening the supply chain.

During 2015, LMG developed an agenda focussed on modernisation and growth to respond to the challenges of a changing global (re)insurance market. This recognises that modernisation is critical and, we must do more in parallel, to promote our strengths as the preeminent global insurance market. In 2016, under the leadership of its new chairman Nicolas Aubert, LMG started implementing a series of concrete actions to deliver this agenda.

# OUR PRIORITIES

The core remit of LMG is to build upon the findings of the London Matters report by setting the growth and modernisation strategy for the London Market. To deliver this strategy, LMG commissioned and now governs a small number of priority initiatives that will make our market more attractive, responsive and competitive to clients. These initiatives are categorised into four interdependent workstreams that are moving forwards in parallel.

**TELLING THE LONDON MARKET STORY** to provide our buyers with a clear case for coming here to purchase our product and services.



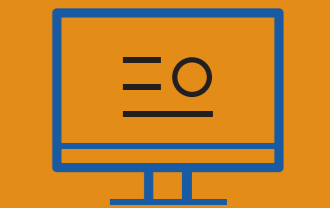
**BUILDING A DIVERSE, DYNAMIC WORKFORCE** which offers a deep talent pool for the market to draw on.



**CREATING A BETTER BUSINESS ENVIRONMENT** by working with government so that the London Market is able to respond to new client demands and existing and emerging risks.

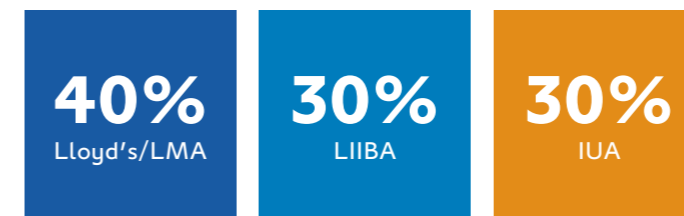


**MAKING LONDON AN EASIER, MORE COST EFFECTIVE PLACE TO DO BUSINESS** by implementing the London Market Target Operating Model (TOM).



## FUNDING

LMG's budget to 2018 is £2m per annum. This excludes the TOM costs, which are managed separately. LMG is currently funded in the following proportions:



These proportions and the budget amount can be adjusted depending upon specific events and needs of the market.

The LMG comprises of six FTEs. Staff are employed by Lloyd's on behalf of the market and seconded to LMG,

and infrastructure is provided by Lloyd's. The small team relies heavily on support from market volunteers and engages temporary specialists and third party suppliers when necessary. This model is operationally efficient and allows flexibility, which is necessary to support the changing challenges which the LMG is helping the market to address.

70% of the budget is spent on the base cost of running LMG and includes infrastructure, employment and core outsourced services for Public Relations and Public Affairs. 30% is spent on the projects related to the three growth workstreams: building a diverse, dynamic workforce, telling the London Market story and creating a better business environment to respond to new client demands.

## THE SCOPE OF LMG'S WORK

In consultation with the Market Associations and Lloyd's, the LMG Board has agreed the following scope and activities.



It has been agreed that the LMG would not have a role in developing products or running market shared services. The intention is that these will be managed respectively by individual companies and expert market entities.

## OUR ACHIEVEMENTS IN 2016 AND WHAT WE WILL DELIVER

Our achievements in 2016 and current deliverables for the growth and modernisation activities are detailed below: the success of LMG is measured on delivery of these initiatives. This will provide tangible evidence that the market can co-operate to deliver a growth and modernisation agenda. For 2017/2018, we will articulate new goals that move our agenda even further forward and deliver measurable change in terms of market development and efficiency.



## Building a diverse, dynamic workforce



### Achievements January - September 2016

- Commissioned and published a study into skills gaps in the London Market: *Talent in the London Market - unique advantage*
- Developed an action plan for LMG to support the market in filling these skills gaps
- Held pilot events to educate students about market careers
- Held joint market event with CII to educate the market on the apprenticeship levy
- As part of LMG's commitment to diversity, recruited our first intern through ELBA, a partnership agency which links employers to talented young people from East London
- Developed core recruitment engagement path for both entry level and experienced hires to enable initiative prioritisation
- Work underway to create working groups and address pipeline issues in claims and wording roles
- Became a sponsor of Dive In 2016, the market-wide festival for diversity and inclusion in insurance

### Deliverables October 2016 - March 2017

- ELBA sourced intern to continue to contribute to the progress of this workstream
- Hold two additional market education events on the apprenticeship levy, to help ensure the market is prepared for this new legislation
- Further engagement of the under 35 community to progress the approved initiatives
- Initial market education events and engagement for new talent pools. Plan developed for future events
- Launch of new Discover Risk partnership with the CII
- LMG provide input to support development of cross-market apprenticeship scheme
- Agree long-term workstream resourcing and funding requirements

## Creating a better business environment



### Achievements January - September 2016

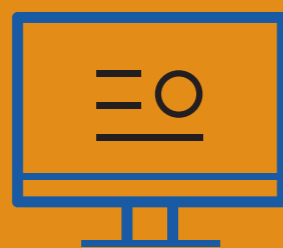
- Developed key messaging for Parliamentarians asking for their support to promote the market; improve our competitiveness; and prioritise the introduction of ILS legislation
- Developed this agenda to highlight the market's priorities for EU exit negotiations and new trade deals
- Held 20+ meetings with parliamentarians to discuss this agenda, receiving a positive and engaged response
- Invited to join three All Party Parliamentary Groups
- Invited to present to a group of UK Trade Envoys on our market
- Developed a white paper on a proposed foreign aid catastrophe bond and published this at a Parliamentary roundtable
- Developed joint LMG/UK TI brochure, translated into six languages, for all UK embassies to promote the London Market
- Commenced work with Treasury, trade and business officials and new ministers to support EU exit negotiations
- Formal LMG representation and alignment with external bodies including ABI, CityUK, City Hall, UKTI, Corporation of London
- Developed our political strategy for when Parliament returns from recess

### Deliverables October 2016 - March 2017

- Regular contact established with c20 MPs and peers as our community of advocacy
- LMG recognised as the principal lobbying voice for the London Market in relation to Brexit negotiations and continues to develop priorities for Government
- Meetings held between LMG & key ministers for Trade, Brexit, HM Treasury and DfID
- Active campaign to promote competitiveness of the market involving Parliamentary questions, ministerial meetings and debates
- Joint working group established between Treasury, DfID and LMG to develop the idea of a foreign aid catastrophe bond and incorporate into existing Government departmental initiatives.
- Joint event with LMG, UKTI and Foreign Office for foreign ambassadors to promote the London Market
- Proposed ILS legislation is published and LMG develops plans for ILS market launch in the UK
- Presentations to All Party Parliamentary Groups

## OUR ACHIEVEMENTS IN 2016 AND WHAT WE WILL DELIVER

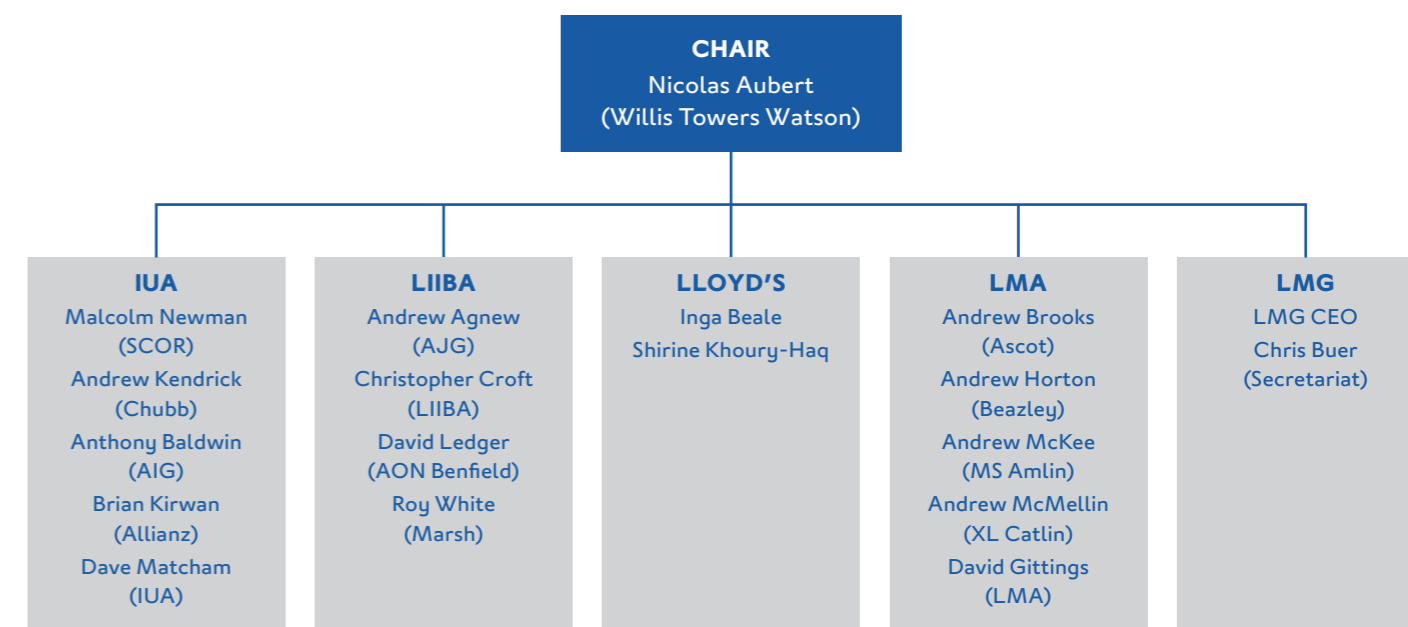
### Making London an easier place to do business



Achievements January - September 2016	Deliverables October to December 2016
<ul style="list-style-type: none"> <li>Launched Placing Platform Limited (PPL) for stand-alone terrorism and first risk bound</li> <li>Central Services Refresh Programme (CSRP) - the first phase successfully implemented for premiums</li> <li>Delegated Authorities – chosen supplier to design and build a permanent solution for centralised audits</li> <li>Data - Global Placement Message finalised with ACORD and Ruschlikon</li> <li>Data - Pilot project to unlock Lloyd's reference data and make it easily available across the market</li> <li>Finalised Blueprint to give the market choices about what to implement and over what timescales</li> </ul>	<ul style="list-style-type: none"> <li>Rollout of the Financial and Professional classes of business on PPL by the end of the year</li> <li>Launch the CSRP broker portal to simplify market adoption in November</li> <li>Go live of the release for electronic claims payments in the same month</li> <li>Launch of the Delegated Authority audit service</li> <li>Ramping up to a full production service for Structured Data Capture</li> </ul>
2017 deliverables	
<ul style="list-style-type: none"> <li>Completion of all build work on CSRP so that adoption can gain momentum</li> <li>The Delegated Authority build will be completed with the delivery of the data element of the initiative to create a single central repository for all coverholder data</li> <li>PPL roll out will be accelerated to put a significant number of new classes of business online</li> <li>Structured data capture will go live to move the market closer to straight through processing</li> <li>The requirements of Contract Coverholder Compliance Services will be fully defined</li> </ul>	

## GOVERNANCE AND DECISION MAKING

The LMG is governed by a Board comprised of the LMG Chairman, LMG Chief Executive and senior representatives of each market constituency, including the chairs of the association boards. The current membership is detailed below.



Each association is represented by up to five members, including the Chairs and Chief Executive Officers.

The activities associated with LMG and the growth and modernisation initiatives are governed by a combination of the LMG Board and the TOM Steering Board. It is anticipated that any initiatives which result in the formation of a limited company, such as PPL, will have their own company boards to manage them as they move from 'project/build' as governed by LMG, into 'run' governed by Associations directly.

The group meets monthly to review proposals and progress of authorised initiatives. Its responsibilities include representing the London Market, validating proposals, allocation of funding, resolution of escalated issues and mitigation of risks.

For decision making, 50% of the Board and all four funding parties must be present. The remit of the LMG Board's funding decision making is confined to the LMG budget and activities detailed in this manifesto.

Board members canvas and represent the views of each association and Lloyd's. Every LMG project will have an LMG Board sponsor.

The LMG Executive Committee was formed in 2015 and meets at least eight times a year to make day-to-day decisions on governance, employment and budget matters. It comprises of the LMG Chair and Chief Executive Officer; Lloyd's Chief Executive Officer; and a representative of each market constituency Board. Members may or may not be a subset of the LMG Board.

LMG has delegated governance of market modernisation to the TOM Steering Board, which has been established as the executive-level advisory body that governs the delivery of the London Market TOM, and has responsibility as the single point of reporting for market modernisation progress. The activity of the Board is aligned with the overall London Market modernisation strategy that is governed by the LMG Board.

# LMG



LLOYD'S



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